IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

REPUBLIC TECHNOLOGIES (NA), LLC and REPUBLIC TOBACCO, L.P., Plaintiffs, v. BBK TOBACCO & FOODS, LLP d/b/a HBI INTERNATIONAL, Defendant.	Case No. 16-cv-3401 Judge Elaine E. Bucklo **JURY TRIAL DEMANDED**

SECOND AMENDED AND SUPPLEMENTAL COMPLAINT
FOR DECLARATORY RELIEF, DAMAGES AND OTHER RELIEF

Plaintiffs Republic Technologies (NA), LLC, and Republic Tobacco, L.P. (collectively "Republic") for their Second Amended and Supplemental Complaint against Defendant, BBK Tobacco & Foods, LLP d/b/a HBI International, state as follows:

THE PARTIES

1. Plaintiff Republic Technologies (NA), LLC ("Republic Technologies") is a Delaware limited liability company with a place of business in Glenview, Illinois. Republic Technologies owns the trademark OCB for use with cigarette paper booklets in the United States and in many foreign countries. Plaintiff Republic Tobacco, L.P. ("Republic Tobacco") is a Delaware limited partnership with a place of business in Glenview, Illinois. Republic Tobacco is the exclusive master distributor of OCB cigarette paper booklets in the United States, having the exclusive right to purchase OCB products from the manufacturer. OCB is the best-selling brand of roll-your-own cigarette paper in the world.

2. Upon information and belief, Defendant BBK Tobacco & Foods, LLP d/b/a HBI International is a limited liability partnership organized under the laws of Arizona with its principal place of business in Phoenix, Arizona. Defendant distributes and sells rolling paper booklets under the trade name RAW that compete in some markets with the OCB cigarette paper booklets distributed and sold by Republic Tobacco.

JURISDICTION AND VENUE

3. This is an action arising in part under the Lanham Act, 15 U.S.C. § 1051 *et seq*., and the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202.

4. This Court has jurisdiction over this matter pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331 and 1338 (a) and (b) in that it involves an action arising under the Lanham Act. This Court also has supplemental jurisdiction over any common law claims raised in this action pursuant to 28 U.S.C. § 1367.

5. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b) in that a substantial part of the activities giving rise to the claims alleged herein occurred in this district, Plaintiffs' place of business is in this district, and Defendant offers its goods for sale in this district and is subject to personal jurisdiction in this district.

NATURE OF THE CASE

6. Plaintiffs bring this action in response to Defendant's assertion of rights in the trademark RAW, in trade dress for its RAW rolling paper booklets and in copyright design of RAW promotional materials and Defendant's claim that Republic Technologies' OCB organic hemp cigarette paper booklets and promotions infringe such purported rights. Plaintiffs also bring this action to seek redress for Defendant's conduct, which includes communications made both before and after the filing of this action, that constitute (i) false and misleading descriptions of fact concerning Defendant's RAW rolling papers and RAW rolling paper booklets, (ii) false,

misleading and disparaging statements concerning Plaintiffs' OCB cigarette papers and cigarette paper booklets, and (iii) threats to Plaintiffs and their customers, all of which have directly and materially affected the business of Republic Technologies and Republic Tobacco.

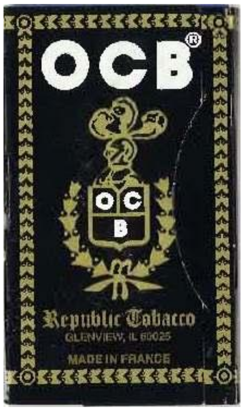
ALLEGATIONS COMMON TO ALL COUNTS

Republic and its Cigarette Paper Products

7. Since 1923, Plaintiffs and their predecessors have continuously marketed and distributed cigarette papers and cigarette paper booklets under the fanciful and inherently distinctive trademark OCB. During this period, Plaintiffs and their predecessors have devoted significant time, effort and resources to marketing and promoting cigarette papers and booklets bearing the OCB mark. Because of this longstanding, continuous and extensive use and promotion, the OCB mark has developed further distinctiveness and considerable consumer recognition, and has come to signify Plaintiffs as the source of cigarette papers bearing the mark.

8. To protect its rights in the OCB mark, Republic Technologies has obtained and maintains a federal trademark registration for the mark for use in connection with cigarette papers, Registration No. 174,501 (issued October 16, 1923), which has long been incontestable pursuant to 15 U.S.C. §1065.

9. As part of its continuous use and promotion over the years, Plaintiffs have marketed and distributed OCB cigarette papers with various packaging designs. The original package design (i.e., booklet cover) prominently displays OCB in large type, set with a distinctive herring-bone border:


OCB
O C B
Republic Tobacco
GLENVIEW, IL 60025
MADE IN FRANCE

Plaintiffs later developed a premium line of OCB cigarette papers, the package design for which prominently displays OCB in large holographic letters:

OCB
Premium

These cover packages displayed the holographic letters OCB in a variety of colors, including red:

1-1/4 SIZE
OCB
Premium
1-1/4 SIZE

10. Later, Plaintiffs introduced a natural, organic, unbleached line of OCB cigarette papers made of hemp, the United States packaging for which currently appears as follows:

OCB
Organic Hemp
Unbleached Cigarette Papers
Single Wide

11. The packaging for OCB organic hemp cigarette papers was independently designed and created by Plaintiffs without regard to the packaging of RAW rolling paper booklets.

12. Unlike HBI, Republic has adhered to all of the marketing restrictions of the Family Smoking Prevention and Tobacco Control Act. In addition, as a distributor for a Master Settlement Agreement ("MSA") signatory, Republic has agreed to abide by, and has abided by, the marketing restrictions in the MSA among tobacco product manufacturers and the Attorneys General of 46 jurisdictions.

13. In compliance with governing law, Republic has not targeted youths in its advertisements and promotions, distributed free samples or promotional items such as baseball caps, T-shirts and skateboards, or taken any action that might increase the incidence of youth smoking.

14. Republic has not used a tobacco trademark for "merchandise" as defined in the Family Smoking Prevention and Tobacco Control Act or the drug paraphernalia provisions of the Controlled Substances Act. In compliance with governing law, Republic does not sell flavored tobacco or flavored papers. Likewise, Republic does not market its products for use with marijuana or other illegal drugs as prohibited under the paraphernalia laws.

HBI's Marketing of RAW Products For Illegal Purposes

15. Upon information and belief, Defendant entered the rolling paper business in the 1990s. Defendant sells rolling papers and booklets that compete in a number of markets directly with the OCB brand and other brands of cigarette papers distributed by Republic Tobacco. One of these brands is Defendant's RAW rolling papers, which is used with papers that are claimed to be organic, unbleached and "raw."

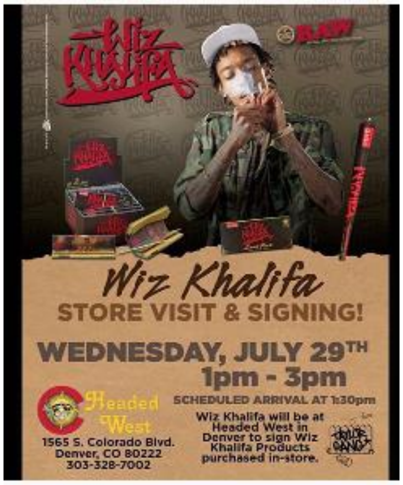
16. Upon information and belief, Defendant markets, promotes and sells rolling papers and booklets, including RAW rolling papers and booklets, primarily for smoking marijuana. HBI's website includes links to a number of sites discussing the recreational and medical use of marijuana, how to grow your own marijuana, and where to purchase it.

17. HBI has adopted a multifaceted marketing strategy to position RAW rolling papers, booklets and other products for use with marijuana. HBI, for example, collaborates with rapper Wiz Khalifa to promote his own line of rolling paper booklets and accessories. Wiz Khalifa is a prolific marijuana advocate who regularly raps about getting high in songs such as *Super High*, *Raw*, *So High*, *Smokin' On* and named one of his albums *Rolling Papers*. It has been reported that Khalifa is officially in the "weed business" and that he has his own strain of marijuana – Khalifa Kush – to go with his line of RAW rolling papers. HBI and Khalifa actively use social media and Khalifa's musical performances to promote the use of RAW rolling papers with marijuana, including the You Tube video called "Wiz Khalifa Teaches You How To Roll A Raw Paper Joint" and the lyrics to *Raw,* which tell listeners to "take that OG Kush, put it in a RAW."

18. In addition, HBI uses the RAW brand in conjunction with, and subordinate to, the "High Times" mark (see image below). High Times is a magazine that has long been a forum for and advocate of marijuana use.

RAW
HIGH TIMES
CLASSIC
HIGH TIMES
HIGH TIMES
The High Times Pack

19. HBI's Instagram feed includes scores of images promoting RAW rolling papers and products for use with marijuana:



RAW
Wiz Khalifa
STORE VISIT & SIGNING!
WEDNESDAY, JULY 29TH
1pm - 3pm
SCHEDULED ARRIVAL AT 1:30pm
Headed West
1565 S. Colorado Blvd.
Denver, CO 80222
303-328-7002
Wiz Khalifa will be at Headed West in Denver to sign Wiz Khalifa Products purchased in-store.

EVERYBODY
LOVES A CHICK THAT'S
DOUBLE-JOINTED
RAW HUMOR

HIGH
ENGLISH
HIGH TIMES
WITH
RON ENGLISH
CANNABIS
BODEGA
@WOODSHOPPE.NYC
OCT 25TH
THRU NOV 8TH
147 ORCHARD ST
NEW YORK, NY
#HIGHENGLISH
@SHOPHIGHTIMES
RAW
loud lollies
KANDYPENS
WOODSHOPPE

20. In addition to marketing and selling its RAW brand of rolling papers for use with marijuana, HBI markets and sells other brands of rolling papers that are infused with "delicious flavors" such as banana, raspberry and watermelon and come in packages that intentionally look like – and with papers that in some cases even taste like – a pack of gum:

HBI Rolling Papers

NOT for use with or sold for use with Tobacco. ONLY for use with legal smoking herbs
JUICY
JAY'S
BUBBLEGUM
FLAVORED PAPERS
1 1/4
size

JUICY
JAY'S
RASPBERRY
FLAVORED ROLLS
BIG SIZE

JUICY
JAY'S
PINEAPPLE
FLAVORED PAPERS
KING SIZE SLIM

Brand Name Gum

Bubblicious
Strawberry Splash
38 g

Hubba Bubba
SOFT BUBBLE GUM
seriously strawberry
35g NET

WRIGLEY'S
Juicy Fruit
CHEWING GUM
7 STICKS

21. HBI informs its customers that these papers are for use with "herbs," thus further showing that HBI is marketing its products for use with marijuana. If these items were intended for use with tobacco then they would be illegal under the provisions of the Family Smoking Prevention and Tobacco Control Act, which prohibits the use of tobacco or rolling paper with characterizing flavor.

22. All of these and other advertisements and promotions have resulted in RAW being deemed "one of the most recognizable brands in the international cannabis community," and its owner being labeled as a "marijuana mastermind." *See* https://www.youtube.com/watch?v=G2m8rk-SAOA.

HBI's Purported RAW Marks, Trade Dress and Copyrights

23. Defendant has obtained numerous federal trademark registrations for the word mark RAW; the first of which was issued in August, 2005 (*see e.g.* Registration No. 2,989,221).

24. Over the years, Defendant has marketed and distributed its RAW rolling papers and booklets with various packaging designs, including the following designs for its "classic" and "organic hemp" papers:

CLASSIC
RAW
AUTHENTIC
PURE NATURAL FIBERS
UNREFINED
NATURAL UNREFINED ROLLING PAPERS
SINGLE WIDE

ORGANIC HEMP
RAW
NATURAL UNREFINED HEMP ROLLING PAPERS

Each of these package designs most prominently feature the mark RAW in distinctive red lettering, a realistic illustration of brown and tan twine crossing the package vertically and horizontally with a knot in the center of the package, and a circular seal or medallion featuring a leaf and the words "authentic" and "unrefined."

25. The RAW rolling paper booklets borrow the use of colors, shapes, and terms that are common among all sorts of products – especially organic and hemp products – including the use of brown packaging, images of plants or nature, use of the word "organic" or "hemp," earthtone colors and the like. Below is just a sampling of paper booklets that use some of these colors, shapes, images, and phrases:

Pure Hemp
Unbleached
ORGANIC HEMP
RAW
Skunk Brand
NaKed
TRULY NATURAL
King Size
Smoking
Brown
OCB
Organic Hemp
Single Wide
PURE HEMP
Bambu

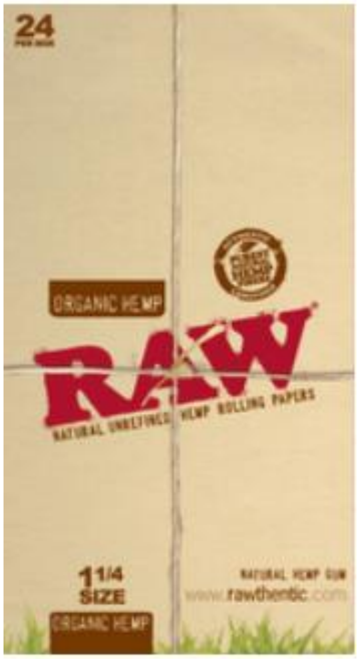
26. HBI's goods are sometimes marketed and sold in a "High Times" gift box with goods of other companies, many of which use trade dress common among all organic and hemp products, *e.g.*, brown packaging, images of plants, and earthtone colors.

27. In fact, HBI's RAW brand appears to be a knock-off of the ubiquitous brand of sugar – Sugar In The Raw – that has been displayed in restaurants and coffee shops for decades.

CLASSIC
RAW
NATURAL UNREFINED ROLLING PAPERS
SINGLE WIDE

SUGAR IN THE RAW
FROM HAWAII

28. Defendant also obtained a federal registration for the design of the cover of a wholesale box containing 24 booklets of its RAW organic hemp cigarette paper for sale to retailers:


24
ORGANIC HEMP
RAW
1 1/4
SIZE
www.rawthentic.com

(*See* Registration No. 4,647,824; filed October 2013; issued December 2, 2014). In the registration, Defendant claims the following specific combination of elements as its trademark:

(i) a rectangular tan box shape with a line of green grass illustrated along its lower edge;

(ii) the wording "24 PER BOX" in brown stylized font in the top left of the box;

(iii) the word "RAW" in larger red stylized font set at an angle in the center of the box;

(iv) above the word "RAW" on the left, the wording "ORGANIC HEMP" in tan stylized font within a rectangular brown border;

(v) above the word "RAW" on the right, a brown circular element with a tan center containing the wording "AUTHENTIC" and "UNREFINED" in tan within a brown outer ring and the wording "PUREST NATURAL HEMP FIBERS" in brown font with a brown leaf design within its center;

(vi) the phrase "NATURAL UNREFINED HEMP ROLLING PAPERS" in stylized brown font beneath the word RAW;

(vii) the wording "NATURAL HEMP GUM" in the lower portion of the mark;

(viii) "www.rawthentic.com" in brown font in the lower right;

(ix) "1 ¼ size" brown font in the lower left above the wording "ORGANIC HEMP" in tan within a brown rectangular border; and

(x) a realistic illustration of twine in brown and tan crossing the mark vertically and horizontally with a knot in the center of the mark.

29. The protections of the Lanham Act, however, only extend to trademarks that are used in lawful commerce. The Patent and Trademark Office does not register or otherwise protect trademarks for products marketed and sold for illegal activities, including activities that violate federal statutes.

30. Marijuana is classified as a Schedule 1 controlled substance under the federal Controlled Substances Act of 1970, 21 U.S.C. 801 *et seq.* Distributing, selling and using marijuana remains a felony under federal law.

31. Upon information and belief, HBI failed to disclose to the United States Patent and Trademark Office (“PTO”) its intended and actual use of the RAW marks, copyrights and trade dress to promote the illegal use of marijuana and marijuana related products.

HBI Threatens Litigation, Makes False Claims of Infringement,
and Misrepresents OCB's Papers as "Knock-offs."

32. At the time of the RAW registrations, Republic Technologies' OCB organic hemp cigarette paper booklets featured a red OCB mark and were being sold in Europe. Following the success in Europe, Republic introduced the OCB organic hemp cigarette paper booklets into the United States market in 2014. The packaging for OCB organic hemp cigarette paper was independently created without regard to the packaging of RAW rolling papers.

33. Notwithstanding myriad distinctions in the packaging of Defendant's RAW organic hemp paper booklets and Plaintiffs' OCB organic hemp paper booklets, Defendant has conducted a campaign of innuendo, threats, false and misleading statements, false advertising and unlawful interference with Republic's customers, all implying or stating that OCB organic hemp papers are a "copy" of Defendant's RAW rolling papers and booklets and/or that they infringe on the RAW trademarks and trade dress.

34. In July 2014, Republic Tobacco's customer, Vanilla LA, attended the Champs trade show in Las Vegas to promote Republic's OCB papers, specifically OCB's new "Organic Hemp" line of papers. After the show, Guy Matalon of Vanilla LA reported to Republic Tobacco that the owner and president of defendant HBI, Josh Kesselman, "tried everything in his power to tarnish our brand, our name, our credibility and our reputation." (Ex. B.) Mr. Matalon continued, "As a result, Josh [Kesselman] defamed, slandered and libeled our company and the OCB brand not only towards our company but to existing and potential customers as well." (*Id.*)

35. Among other things, Mr. Kesselman claimed a proprietary trade dress in the packaging of its RAW rolling paper booklets, accused Republic Technologies of infringing the trade dress with its OCB packaging, falsely represented that OCB organic papers were not organic, and disparaged Plaintiffs by stating that "OCB is a fake version of RAW." (*Id.*) Mr.

Kesselman published his accusations to his and Republic Technologies' customers and others attending the trade show.

36. In August 2014, Mr. Kesselman contacted Plaintiffs, demanded Republic Technologies change the color of the OCB mark appearing on packages of OCB organic hemp cigarette paper booklets, and threatened legal action against Plaintiffs based on the use of the color red, the color used by OCB for years on the packaging of its European organic hemp cigarette papers.

37. To resolve Defendant's demand, Republic Technologies voluntarily agreed to change, and did change, the color of the OCB lettering on the package of organic hemp OCB cigarette papers sold in the United States in premarked .99 cent bookltes from red to orange:

ALWAYS
99¢
OCB
Organic Hemp
Slim

ALWAYS
99¢
OCB
Organic Hemp
Natural Unbleached Cigarette Papers
1 1/4 size

38. Defendant asserted rights in no other elements of its packaging, nor did it object to any other elements of the packaging for Plaintiffs' OCB organic hemp cigarette papers. Plaintiffs' European affiliates continued to use and distribute OCB cigarette paper booklets with the letters OCB in the shade of red long used on OCB papers in Europe, which is a different shade of red than that used by Defendant for its RAW cigarette papers.

39. Six months later, in February 2015, HBI's Kesselman was again accusing Plaintiffs of infringement and selling "knock-off" goods. Mr. Matalon of Vanilla LA wrote to Republic Tobacco to report another incident, writing that, "Since the incident at the Champs

Trade Show, Josh [Kesselman of HBI] attempted to defame the OCB brand name and image to the masses through social media." (Ex. C.) Mr. Matalon continued, "It started by RAW posting a picture on their official RAW Instagram account (Image 8857), showing a knock-off version of RAW. (*Id.*) However, the knock-off booklet included elements of OCB packaging such as green windmills on the back side of the booklet's cover that resembles the OCB organic hemp packaging, and made in France." (*Id.*) Mr. Matalon said, "The picture speaks for itself. It is clear that their intention is to associate OCB as a false knock-off of RAW and spread a negative impression around the OCB brand." (*Id.*) The knock-off assertion insinuated that Republic's papers were made in China instead of in France by Plaintiff's long-standing predecessor, which began selling cigarette papers in 1834.

40. HBI was not done. This time HBI hired trademark litigation counsel and, on February 19, 2016, litigation counsel for Defendant renewed its "cease and desist" demand in a letter to Plaintiffs' counsel, once again asserting substantial similarity between its organic hemp cigarette paper booklets bearing the mark RAW in red letters and Plaintiffs' organic hemp cigarette paper booklet bearing the mark OCB in brown letters. This time, however, Defendant claimed there was actual consumer confusion, citing a survey it purportedly conducted.

41. In a further attempt to intimidate Plaintiffs' customers and cause them to fear getting involved in legal proceedings, Defendant also sent a copy of the letter to at least one of Plaintiffs' largest customers for OCB, Vanilla LA Group, Inc. *See* February 19, 2016 letter, attached hereto as Ex. A.

42. In the February 19, 2016 letter, Defendant claims certain elements of its RAW product packaging constitute a protectable trade dress, namely:

a. use of a 3-letter mark (i.e. RAW v. OCB);

b. use of red lettering;

c. use of the descriptive terms “organic hemp”;

d. use of diagonal lettering;

e. “4 standard symbols” above a bar code; and

f. a green grass design.

The letter includes photographs and comparisons to the packaging for OCB cigarette paper booklets sold in Europe, which have been discontinued in the United States.

43. The letter uses unfounded intellectual property “concerns” in an attempt to impair or rupture the goodwill that exists between Plaintiffs and the purchasers of OCB organic hemp cigarette paper booklets, including Vanilla LA Group, Inc., and, Plaintiffs believe, other purchasers of OCB cigarette papers.

44. In addition to Defendant’s assertion of purported rights in its trademarks and trade dresss (*see* HBI Exhibit B to Counterlcaim), Defendant have also asserted a copyright in certain design and elements (*see* HBI Exhibit A to Counterclaim), including but not limited to U.S. Copyright Office No. VA 001961856, and asserted that Plaintiffs have infringed those copyrights.

45. On information and belief, Defendant’s actions were designed to cause, and have in fact caused injury to Plaintiffs, including without limitation, the loss of actual, existing, and/or potential business, market share, profits, customers and goodwill. Moreover, by raising again essentially the same claims and allegations as it raised in the summer of 2014, this letter constitutes a renewed threat of legal action.

HBI's False Advertising Campaign

46. Upon information and belief, HBI is engaged in a false advertising campaign that includes false assertions concerning the manner in which HBI's rolling papers are made, where they are made, the paper used in them, false claims as to the compositional makeup of its products and whether or not they are organic, as well as false statements concerning the products sold by its competitors, including Republic.

47. Several weeks after the filing of this action, in April 2016, at the National Association of Tobacco Operators ("NATO") trade show in Las Vegas, Nevada, Defendant HBI engaged in further misconduct and unfair competition by deceiving customers and disparaging competitors, including Republic Technologies.

48. At the April 2016 NATO Show, HBI displayed the following advertising to customers who purchase cigarette rolling papers:

ZEN
SMOKE ORGANIC
The world's only ORGANIC rolling paper.
RAW
Pure Hemp

49. The advertisement, headed with the words "SMOKE ORGANIC" asserts that HBI's rolling papers are "The world's only ORGANIC rolling paper."

50. This advertisement is false in at least two ways. First, on information and belief, HBI's rolling papers are not certified organic by any recognized third-party body that makes such certifications. Second, Defendant's paper is certainly not the "world's only organic rolling paper." Plaintiffs' OCB original hemp cigarette papers have been certified organic by reputable third-party agencies.

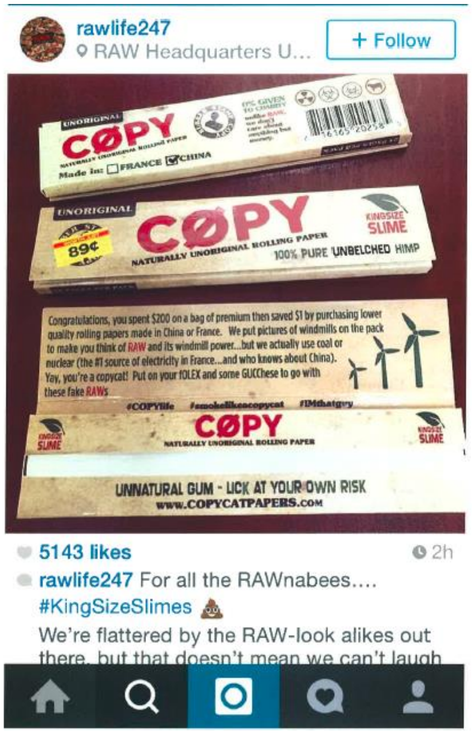
51. Similarly, HBI advertises that the glue used for its papers is natural and organic and that "other brands" use Ethyl Vinyl Acetate ("EVA"), a chemical glue. Upon information and belief, however, HBI's glue includes synthetic EVA glue and is not natural and organic.

52. In addition, and upon information and belief, HBI falsely represents that the rolling paper supplied in its rolling paper booklets is made in Alcoy, Spain when in fact the paper is made elsewhere by third-party contract manufacturers. Other HBI paper products marketed and sold under the RAW trademark come from Indonesia, China and elsewhere. The false statements of origin in Alcoy, Spain are printed on HBI's packages and marketing materials and are distributed throughout the United States.

53. On yet another occasion, on or about February 23, 2016, HBI falsely claimed that Republic's cigarette rolling papers, unlike its own, were "made using nuclear or coal energy," as well as implying that Republic's cigarette rolling papers are not natural or organic. HBI statements are false and misleading.

54. Through the promotions of February 23, 2016 and elsewhere, HBI has falsely implied and represented that Republic sells copycat papers. On at least one occasion, HBI created paper booklets that looked somewhat like booklets of Republic's OCB papers and

replaced the word "OCB" with "COPY" calling the papers look-alikes and copies and distributed this false and misleading information to hundreds of thousands of consumers on its Instagram account:


rawlife247
RAW Headquarters U...
+ Follow
UNORIGINAL
CØPY
Made in: FRANCE CHINA
UNORIGINAL
CØPY
89¢
NATURALLY UNORIGINAL ROLLING PAPER
KINGSIZE SLIME
100% PURE UNBELCHED HIMP
Congratulations, you spent $200 on a bag of premium then saved $1 by purchasing lower quality rolling papers made in China or France. We put pictures of windmills on the pack to make you think of RAW and its windmill power...but we actually use coal or nuclear (the #1 source of electricity in France...and who knows about China). Yay, you're a copycat! Put on your fOLEX and some GUCChese to go with these fake RAWs
CØPY
NATURALLY UNORIGINAL ROLLING PAPER
SLIME
UNNATURAL GUM - LICK AT YOUR OWN RISK
www.COPYCATPAPERS.com
5143 likes
2h
rawlife247 For all the RAWnabees....
#KingSizeSlimes
We're flattered by the RAW-look alikes out

55. Further misleading consumers and the public about the nature of its goods and commercial activities, HBI promotes something called the "RAW Foundation" on its website and other advertisements and promotions. HBI claims that through the "RAW Foundation" it is not just selling RAW products but fundraising and digging wells to provide clean water to villages in Africa that have none and that it has saved the lives of 10,000 people.

RAW FOUNDATION
WE'RE NOT SELLING, WE'RE FUNDRAISING
Help Us Save Someone's World
WINETOWATER.org

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56. Upon information and belief, there is no such charitable organization recognized by any state in the country, nor is there a registered 501(c)(3) charitable enterprise called the "RAW Foundation." In fact, the "RAW Foundation" does not exist as an entity at all. Instead, the RAW Foundation is a figment of the imagination of RAW's owner and used by HBI to falsely enhance its name and promote its goods through false statements like "We're Not Selling, We're Fundraising."

57. HBI has gone to extreme lengths to mislead consumers regarding its own products and business and those of its competitors. It has even gone so far as to claim that its owner, Josh Kesselman, invented products like rolling paper "cones." Upon information and belief, rolling paper cones were used in commerce long before HBI came into existence.

58. In view of the harm being suffered by Plaintiffs, as well as Defendant's pattern of unfair competition, threats and intimidation, Plaintiffs filed the instant suit to protect their businesses including their rights in the OCB trademark and the product packaging for OCB organic hemp cigarette papers.

59. Defendant's actions, including its false advertising and false assertions of infringement, create an actual case or controversy between Plaintiffs and Defendant, within the meaning of the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, for which declaratory relief is necessary and appropriate.

COUNT I

DECLARATION THAT DEFENDANT DOES NOT OWN A PROTECTABLE INTEREST IN ITS ASSERTED RAW TRADE DRESS

60. Plaintiffs incorporate the allegations in paragraphs 1-59 of this Complaint as if set forth fully herein.

61. As set forth above and in Defendant's Counterclaims (*see* HBI Exhibit B to Counterclaim), Defendant has asserted purported rights in the RAW marks and trade dress for the packaging of its RAW rolling papers, and continues to assert its claims against Plaintiffs.

62. The elements asserted as comprising Defendant's trade dress for the packaging of its RAW organic hemp cigarette papers do not constitute protectable rights and do not signify Defendant as the source of the goods.

63. Defendant has threatened and communicated with Plaintiffs and their customers such threats and false claims that the packaging for OCB organic hemp cigarette paper booklets infringes upon the purported rights of Defendant.

64. Defendant's assertions that Plaintiffs are violating its rights irreparably injure and adversely affect Plaintiffs and, unless prevented by this Court, will continue to so affect Plaintiffs' business and the immense investment made in the OCB organic hemp cigarette papers and attendant goodwill. To resolve the legal and factual questions raised by Defendant concerning its right to use the RAW mark and various forms of trade dress, and to afford relief from the uncertainty and controversy which Defendant's assertions have precipitated, Plaintiffs

are entitled to a declaratory judgment that Defendant does not have protectable intellectual property rights in the trademark RAW or the trade dress for the packaging of RAW rolling papers as asserted in the February 19, 2016 letter.

COUNT II

DECLARATION OF TRADE DRESS NON-INFRINGEMENT

65. Plaintiffs incorporate the allegations of paragraphs 1-59 as if set forth fully herein.

66. The packaging of Plaintiffs' OCB organic hemp cigarette papers is not likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of Plaintiffs with Defendant and is not likely to cause confusion as to the origin, sponsorship, or approval of Plaintiffs' cigarette papers and the cigarette papers offered by Defendant.

67. To the extent Defendant is entitled to any protection in the package of its RAW organic hemp cigarette papers, Plaintiffs are entitled to a declaratory judgment of their rights, namely that they are not in violation of Defendant's rights, including without limitation any rights Defendant may have in the RAW trademarks, RAW trade dress, RAW copyrights, the packaging of the RAW rolling papers or Registration No. 4,647,824 under 15 U.S.C. §§ 1114 or 1125, at common law or under any state trademark law.

COUNT III

FEDERAL UNFAIR COMPETITION UNDER THE LANHAM ACT, 15 U.S.C. § 1125 (a)

68. Plaintiffs incorporate the allegations in paragraphs 1-59 of this Complaint as if set forth fully herein.

69. As set forth above, Defendant made false and misleading descriptions and representations of fact that misrepresent the nature, characteristics, and qualities of its and Plaintiffs' goods. Among other things, Defendant falsely stated or misrepresented that (i)

Defendant sells organic papers and is the only manufacturer to do so, (ii) Plaintiffs' rolling papers are not organic, (iii) Plaintiffs sold "copy" or "knock-off" products, (iv) Plaintiffs' products infringed the intellectual property rights of the Defendant, (v) HBI's paper is made in Alcoy, Spain, (vi) HBI's gum is natural and organic (when it contains a chemical glue), (vii) Plaintiff's cigarette papers are made using nuclear and coal energy, while Defendant's are made using electronic power from windmills, and (viii) HBI is the inventor of products that it did not invent.

70. By making these and other false or misleading statements of fact in its commercial advertising and promotion Defendant caused and is likely to cause competitive and commercial injury to Plaintiffs in an amount to be determined at trial.

COUNT IV

VIOLATION OF THE ILLINOIS UNIFORM DECEPTIVE TRADE PRACTICES ACT

71. Plaintiffs incorporate the allegations in paragraphs 1-59 of this Complaint as if set forth fully herein.

72. By reason of the acts and practices set forth above, Defendant has been and is engaged in deceptive trade practices in violation of the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510.

73. A person engages in a deceptive trade practice when, in the course of his or her business, the person, among other things: (i) disparages the goods, services, or business of another by false or misleading representation of fact, or (ii) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he or she does not have.

74. Defendant has disparaged and continues to disparage the goods and reputation of Republic through false and misleading representations of fact and to falsely represent that its goods are organic and the only organic papers sold in the world.

75. Plaintiffs are likely to be damaged by the deceptive trade practices of Defendant.

COUNT V

COMMON LAW UNFAIR COMPETITION

76. Plaintiffs incorporate the allegations in paragraphs 1-59 of this Complaint as if set forth fully herein.

77. By reason of the acts and practices set forth above, Defendant has been and is engaged in unfair competition under the common law of Illinois.

78. Defendant's acts of unfair competition have caused injury to Plaintiffs in an amount to be determined at trial.

COUNT VI

FOR CANCELLATION OF RAW TRADEMARKS, 15 U.S.C. §1119

79. Plaintiffs incorporate the allegations in paragraphs 1-59 of this Complaint as if set forth fully herein.

80. HBI filed applications with the U.S. Patent and Trademark Office for the "RAW" marks and has obtained marks including those set forth in HBI's Counterclaim. *See* HBI Exhibit B to Counterclaim.

81. HBI falsely represented to the U.S. Patent and Trademark Office that the RAW marks would be lawfully used in commerce and concealed the fact that the marks would be used with goods that are marketed, promoted and sold for use with marijuana. *See* HBI Exhibit B and B1-B15 of Counterclaim. It represented, for example, that the RAW mark would be used in connection with: trays for cigarettes and smokable herbs in Class 34; cigarette rolling papers in

Class 34; cigarette filters, tubes and rolling machines in Class 34; cigarette rolling trays in Class 34; electronic vaporizers in Class 11 and 34; cigarette lighters in Class 34; pocket apparatus for rolling cigarettes in Class 34; fragranced, scented and perfumed candles in Class 4; providing consumer and business information in Class 35 and for use with other cigarette and tobacco-related goods.

82. Upon information and belief, HBI concealed and did not disclose the fact that it markets, promotes and sells products, including RAW papers, primarily for use with marijuana. Such disclosure was necessary to avoid making the other statements made in the RAW trademark and copyright applications false, deceptive and misleading.

83. HBI's statements to the U.S. Patent and Trademark Office were false, deceptive and misleading when made, made with the requisite intent to deceive the U.S. Patent and Trademark Office and were relied upon by the U.S. Patent and Trademark Office.

84. Because the registrations were obtained through fraud and because HBI is using the marks for an unlawful purpose in commerce, the marks should be cancelled.

85. Cancellation of the marks is necessary to prevent future damages to Republic, which is in fact using its own marks in compliance with law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court grant judgment in their favor on all counts and enter an order:

A. Canceling HBI's trademarks for the use of the "RAW" name as those trademarks are used in connection with unlawful activity under federal law;

B. Canceling HBI's trademarks for the use of the "RAW" name as those trademarks were issued on the basis of fraudulent representations to the United States Patent and Trademark Office;

C. Declaring that Defendant does not have a protectable property interest in its asserted trade dress;

D. Declaring that Plaintiffs' use of its OCB-branded organic hemp packaging is lawful and does not infringe upon any rights of Defendant under federal trademark or common law;

E. Declaring that Defendant does not have any other intellectual property rights in its asserted packages;

F. Declaring the Plaintiffs' use of its OCB-branded organic hemp packaging is lawful and does not infringe upon any intellectual property rights of Defendant under federal or common law;

G. Enjoining Defendants from engaging in the above conduct constituting unfair competition, a violation of the Illinois Deceptive Trade Practices Act, or false advertising;

H. Awarding damages to Plaintiffs in an amount to be established at trial;

I. Awarding to Plaintiffs their reasonable attorneys' fees, expenses and costs in this action; and

J. Awarding such other and further relief as the Court deems just and equitable.

DEMAND FOR TRIAL BY JURY

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiffs hereby demand trial by jury on all issues so triable.

Dated: December 15, 2016

REPUBLIC TECHNOLOGIES (NA) LLC and REPUBLIC TOBACCO LP

BY: /s/ Charles S. Bergen
One of Their Attorneys

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CERTIFICATE OF SERVICE

I hereby certify that on December 15, 2016, a copy of the foregoing was served on counsel of record below by electronic means pursuant to the Court's Electronic Case Filing (ECF) system.

/s/ Peter S. Roeser
Peter S. Roeser